

**CALIFORNIA ALTERNATIVE ENERGY AND  
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

*Consideration of MiaSolé’s Request to Approve a Time Extension for the Three Year Initial  
Term of the Title Conveyance Agreement*

**Tuesday, January 21, 2014**

Prepared By: *Alejandro Ruiz*

**Applicant** – MiaSolé

**Location** – Sunnyvale, Santa Clara County

**Industry** – Solar: CIGS Thin-Film Solar Photovoltaic (“PV”) Cells and Modules

**Project** – Expansion of Solar PV Cell and Panel Manufacturing Facility

**Value of Qualified Property** – \$26,092,000

**Estimated Sales and Use Tax Exclusion Amount**<sup>1</sup> – \$2,374,372

**Amount of Time Requested:**

- 24 months (January 25, 2016) for the Term of the Title Conveyance Agreement  
(5 years from the date of initial CAEATFA Board approval)

**SUMMARY**

In January 2011, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for MiaSolé (“MiaSolé” or the “Applicant”) for the purchase of \$26,092,000 of Qualified Property for the expansion of its thin-film Copper Indium/Gallium di-Selenide (CIGS) solar photovoltaic modules (“Project”) fabrication facility. The Master Regulatory and Title Conveyance Agreement (“Agreement”) initial term provides the Applicant with three years from the date of Board Approval to utilize its STE award. The initial term of the Agreement can be extended by the Board upon a finding that an extension is in the public interest and advances the purposes of the Program.<sup>2</sup>

As of January 1, 2014, MiaSolé has conveyed \$10,883,941.14 (41.71%) of Qualified Property. In August 2013, CAEATFA staff sent the Applicant a courtesy reminder of the end of the three-year Agreement. MiaSolé responded by requesting a 24-month extension of the Agreement to January 25, 2016 to accommodate a delay in its expansion plans due to a severe downturn in the solar market over the last three years.

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<sup>1</sup> As presented in the staff summary from November 17, 2010, equivalent to a sales tax rate of 9.1%.

<sup>2</sup> Regulation Section 10035(b)(1)(A)

The Applicant has not made any previous waiver requests. MiaSolé met the 25% purchase requirement, under which Applicants are required to purchase 25% of the approved Qualified Property within one year of Board approval.

### **About the Applicant**

MiaSolé is a C-corporation founded in 2001 in California and located in Sunnyvale, California. MiaSolé develops and manufactures CIGS thin-film solar PV cells and modules.

### **Project Description**

The Project includes expansion of an existing CIGS thin-film solar cell manufacturing facility located in Sunnyvale, California. The solar cells manufactured by the Applicant are designed specifically for large-scale rooftop and ground mount installation projects for utilities, independent power providers and industrial-scale development. The Applicant represents that it is able to reliably produce CIGS thin-film solar cells with mean efficiencies greater than ten percent.

### **Agreement Term Extension Request**

MiaSolé has requested that the initial term of the Agreement be extended from January 25, 2014 to January 25, 2016 in order to allow the company to continue the expansion of its manufacturing facility. The Applicant has not purchased all of its Qualified Property due to the severe downturn in the solar market over the last three years. The Applicant represents that in 2012 it underwent reductions-in-force and had to find new investors in order to continue its operations. In late 2012, MiaSolé was acquired by Hanergy Holding Group, an international energy company based in China.

The Applicant represents that with Hanergy's financial backing and resources, it is prepared to resume the expansion of its solar manufacturing facility as proposed when the Project was originally approved in January 2011. MiaSolé has also indicated that since the reductions-in-force, it has brought its staffing levels back to what they were previously. The Applicant anticipates beginning additional purchases of Qualified Property in the second quarter of 2014 and expects to complete the expansion of its manufacturing facility by the fourth quarter of 2015.

### **Staff Evaluation**

MiaSolé has indicated that the requested extension will allow it to complete the expansion of its manufacturing facility as the project was approved by the CAEATFA Board on January 25, 2011. Extending the initial term of the Agreement will allow MiaSolé to purchase the remaining Qualified Property that was approved. In the first two years of its award from CAEATFA, MiaSolé made significant progress in purchasing equipment. Based on the information presented, staff believes that extending the term of the Agreement is in the public interest and advances the purpose of the original award.

**Staff Recommendation**

Staff recommends that the Board approve MiaSolé’s request to extend the initial term of the Agreement to January 25, 2016 as it is in the public interest and advances the purpose of the original award.

**Attachments**

Attachment A: MiaSolé’s Letter Requesting Waiver (December 16, 2013)

Attachment B: Staff Summary on January 25, 2011

**A RESOLUTION OF THE  
CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION  
FINANCING AUTHORITY APPROVING A TIME EXTENSION FOR  
MIASOLÉ’S INITIAL TERM FOR THE MASTER REGULATORY AND TITLE  
CONVEYANCE AGREEMENT**

**January 21, 2014**

WHEREAS, on January 25, 2011 the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”), a public instrumentality of the State of California, approved a Sales Tax Exclusion (“STE”) in the amount of \$26,092,000 of Qualified Property for **MiaSolé** (the “Applicant”); and

WHEREAS, within three years of the approval by the Authority, the Applicant must make all purchases of the total amount of Qualified Property listed in the approval resolution (Regulations Section 10035(b)(1));

WHEREAS, upon a finding that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that all purchases of Qualified Property be made within three years of Application approval (Regulations Section 10035(b)(1)(A));

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within three years, due to a downturn in the solar market, and requests extension of the term from January 25, 2014 to January 25, 2016; and

WHEREAS, granting the waiver will allow the Project to proceed and the state to receive the anticipated environmental and economic benefits that justified the initial approval of the Project in accordance with the law, thereby advancing both the public interest and the purposes of the Program.

NOW THEREFORE BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Authority finds that it is in the public interest and advances the purposes of the Authority to extend the initial term of the Agreement to January 25, 2016.

Section 2. This resolution shall take effect immediately upon its passage.

**Attachment A: MiaSolé's Letter Requesting Waiver**



2590 Walsh Avenue  
Santa Clara, CA 95051

December 16, 2013

*By First Class Mail and E-mail*

Saúl Acosta Gómez  
Executive Director  
California Alternative Energy and  
Advanced Transportation Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

Re: Request for Extension of Purchase Requirement under SB71 Sales and  
Use Tax Exclusion Program

Dear Mr. Gómez:

MiaSolé hereby requests a twenty-four (24) month extension of time to complete the purchase of the CAEATFA-approved Qualified Property, which consists of tools and equipment used to manufacture MiaSolé's CIGS thin-film solar PV cells and modules. CAEATFA originally approved MiaSolé's project on January 25, 2011, with a Qualified Property value of \$26,092,000, which is set to expire on January 25, 2014. We understand that approximately 42% of the total QP has been conveyed. We request an extension because, as you may be aware, there was a severe downturn in the solar panel manufacturing sector during the last 2-3 years, and MiaSolé was not spared from its impacts. In 2012, MiaSolé underwent reductions-in-force and sought to find new investors to continue its operations. In late 2012, MiaSolé was acquired by Hanergy Holding Group, an international energy company based in China. These events delayed MiaSolé's plans of expanding its manufacturing facility in 2012 and 2013 and making capital purchases. Now with Hanergy's financial backing and resources, MiaSolé is prepared to resume the expansion project our original application was based on.

MiaSolé anticipates that it will begin purchasing and installing the remainder of the Qualified Property during the second quarter of 2014, MiaSolé expects to complete the project by the fourth quarter of 2015.

Thank you for your attention to this matter. If you have any questions or concerns, please contact me or MiaSolé's legal counsel, Greg Jung, at (408) 919-5700.

Sincerely,

A handwritten signature in cursive script that reads "Merle McClendon".

Merle McClendon  
CFO

**Attachment B: Staff Summary at Board Approval**

**CALIFORNIA ALTERNATIVE ENERGY AND  
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

*Request to Approve Project for SB 71 Sales and Use Tax Exclusion (STE)*<sup>3</sup>

**MIASOLÉ**  
**Application No. 11-SM002**

**Tuesday, January 25, 2011**

Prepared By: *Cheryl Ide*

**SUMMARY**

**Applicant** – MiaSolé

**Location** – Sunnyvale, Santa Clara County

**Industry** – Solar: CIGS Thin-Film Solar Photovoltaic (“PV”) Cells and Modules

**Project** – Expansion of Solar PV Cell and Panel Manufacturing Facility

**Value of Qualified Property** – \$26,092,000

**Estimated Sales and Use Tax Exclusion Amount**<sup>4</sup> – \$2,374,372

**Estimated Net Benefits** – \$2,236,206

**Application Score**<sup>5</sup> –

Fiscal Benefits Points:	574
<u>Environmental Benefits Points:</u>	<u>1,367</u>
<b>Net Benefits Score:</b>	<b>1,942</b>

<u>Additional Benefits Points:</u>	<u>0</u>
<b>Total Score:</b>	<b>1,942</b>

**Staff Recommendation** – Approval

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<sup>3</sup> All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

<sup>4</sup> This amount is calculated based on the average statewide sales tax rate of 9.1%.

<sup>5</sup> Point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

**THE APPLICANT**

MiaSolé (“MiaSolé” or “Applicant”) is a C-corporation founded in 2001 in California and located in Sunnyvale, California. MiaSolé develops and manufactures CIGS thin-film solar PV cells and modules.

The major shareholders (10.0% or greater) of MiaSolé are:

Kleiner Perkins Caufield & Byers  
VantagePoint Venture Partners

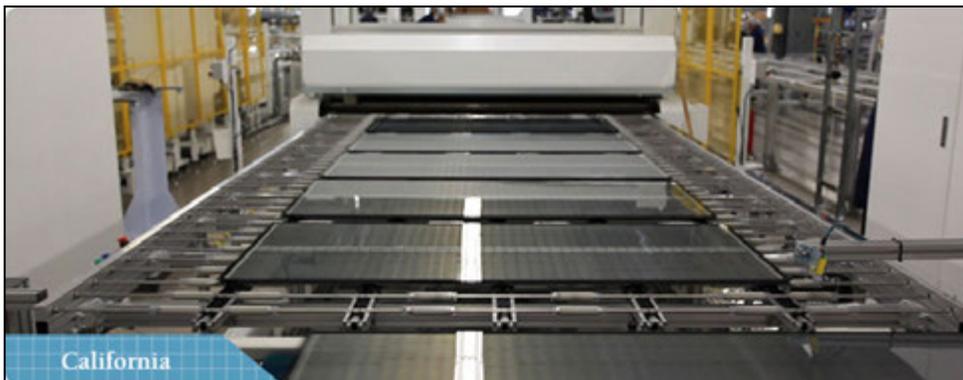
The corporate officers of MiaSolé are:

Joseph Laia, Chief Executive Officer  
Merle McClendon, Chief Financial Officer  
Stephen Barry, VP Corporate Development  
Paul Shufflebotham, VP Front End Engineering  
David Smith, VP Back End Engineering  
Atiye Bayman, VP Process Technology  
Greg Kelly, VP Sales  
Jason Corneille, VP Product Engineering  
Kevin Eassa, VP Operations

**THE PROJECT**

MiaSolé designs and manufactures CIGS thin-film solar PV modules that are designed specifically for large scale rooftop and ground mount installation projects for utilities, independent power providers and industrial scale deployment. The Applicant also designs and manufactures its own deposition equipment and has designed and built a fully automated module manufacturing line in an existing facility located in Sunnyvale, California (“Fab 1”). The capital equipment (“roll coaters”) listed in this Application will be used in the expansion of the Fab 1 facility.

MiaSolé currently has production roll coaters, the primary tool utilized for the deposition of the CIGS thin-films, operating at commercial capacity at its headquarters and at the Fab 1 facility. The Applicant represents that all roll coaters have demonstrated the ability to reliably produce CIGS thin-film solar cells with mean efficiencies greater than 10 percent.



**Solar Modules on Conveyor Line for Lamination**

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Solar Cell Manufacturing Tools (2)	\$10,920,000
Solar Cell Manufacturing Maintenance Equipment	1,160,000
Cell Interconnect Application, Cut and Tester Tool (2)	4,140,000
Current Bypass Strip Assembly Tool	700,000
Module Vision Inspection Tool	1,400,000
Module Cell Lay-Up Machines (2)	500,000
Module Laminators (3)	2,250,000
Diode Assembly Station	402,000
Cell Interconnect Manufacturing Equipment (2)	800,000
Junction Box Installation/Inspection Station	900,000
Reverse Bias Tester	150,000
Junction Box Potting Cure Station	50,000
Lid Snap Tool	100,000
Label Applicator	80,000
Thermal Analyzer	60,000
Weld Head	80,000
Edge Seal Material Dispenser (2)	<u>2,400,000</u>
<b>Total</b>	<b><u>\$26,092,000</u></b>

*Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the conveyance/reconveyance agreement a finalized Project equipment list will be prepared detailing the value of the Project equipment conveyed and reconveyed and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variations from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons.*

**TIMELINE**

MiaSolé will start to purchase and install the majority of the Qualified Property during the first quarter of 2011, with production scheduled to commence during the second half of 2011.

**PROJECT EVALUATION**

**NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated at \$26,092,000 and the total net benefits are valued at \$2,236,206 for the Project. The Project received a Total Score of 1,942, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 1,367, which exceeds the 100 point threshold.

- A. Fiscal Benefits (574 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales taxes, personal income taxes paid by the Applicant's employees, taxes paid on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$1,363,913 and results in a Fiscal Benefits score of 574 points for the Project.
- B. Environmental Benefits (1,367 points).** The Project results in \$3,246,664 of total pollution benefits over the life of the Facility resulting in an Environmental Benefits Score of 1,367 points for the Project. These benefits derive from the capacity of solar PV modules to generate electricity from alternative sources, thereby reducing the need for traditionally generated electricity.
- C. Additional Benefits (0 of 200 points).** Applicants may earn up to 200 additional points for their Total Score. The Applicant did not meet the required threshold for these points and thus received zero additional points.
- 1. Permanent Jobs (0 of 40 points).** The Applicant's Project will support a total of 40 jobs at its Facility. CAEATFA estimates that approximately 2 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs does not meet the required threshold.
  - 2. Construction Jobs (0 of 20 points).** The Applicant's Project will support a total of 16 construction jobs at its Facility. CAEATFA estimates that approximately 1 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs does not meet the required threshold.

#### **STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

MiaSolé will start to purchase and install the majority of the Qualified Property during the first quarter of 2011, with production scheduled to commence during the second half of 2011. The required permit applications will be submitted by MiaSolé to the building department at the City of Sunnyvale for review. The Applicant represents that it has previously received similar construction permits from the City within two weeks of submission.

**LEGAL QUESTIONNAIRE**

Staff reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

**CAEATFA FEES**

In accordance with CAEATFA Regulations,<sup>6</sup> the Applicant has paid CAEATFA an Application Fee of \$5,000 and will pay CAEATFA an Administrative Fee of up to \$104,368.

**RECOMMENDATION**

Staff recommends approval of Resolution No. 11-SM002 for MiaSolé’s purchase of Qualified Property in an amount not to exceed \$26,092,000 anticipated to result in an approximate sales and use tax exclusion value of \$2,374,372.

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<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A TITLE  
CONVEYANCE AGREEMENT WITH MIASOLÉ**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **MiaSolé** (the “Applicant”), for financial assistance in the form of a conveyance/reconveyance of title agreement (the “Agreement”) regarding tangible personal property for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement transferring title of Project equipment with an estimated cost not to exceed \$26,092,000 over a period of three years; and

WHEREAS, the Agreement will provide that the Applicant will, prior to any use of the Qualified Property, transfer title at no cost to the Authority from time to time as purchases of Qualified Property are made and the Authority will then transfer title back to the Applicant without having taken possession of the Qualified Property; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority, to execute the necessary documents to effectuate the Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(g)(2).

Section 2. The requested conveyance agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(e)(2).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(f).

**Agenda Item – 4.B.1**  
**Application No. 11-SM002**

Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same, may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant’s Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to consummate the Agreement and otherwise effectuate the purposes of this resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property conveyance pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement, as defined in CAEATFA Regulations Section 10035(A), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.